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TaxSlayer PRO

Support Connection

Tax Season Review

Tax professionals and other industry partners can attest that each tax season presents its own unique challenges and we must plan each year for the challenges that we will face. How we address these challenges ultimately determines the overall success or failure of tax season. This year, the biggest challenge that TaxSlayer Pro and our customers experienced was caused by Congress and the IRS.

Congress created an ever-changing environment by passing three revisions to the tax code that impacted the 2017 tax season. It started with the Disaster Tax Relief Act on September 29, then the Tax Cuts and Jobs Act on December 22, and ended with the Bipartisan Budget Act on February 9. This changing tax code caused the IRS (and everyone in the industry) to play catch-up on what could or could not be claimed on a 2017 return. In February, expired deductions and credits were retroactively extended back to 2017 by Congress after millions of tax returns had been filed. All of these changes required the IRS to redesign forms and schemas for e-filing, which delayed implementing the software changes and caused an untold number of amended returns.

Planning for the next tax season, we must acknowledge that some unforeseen challenge may occur. We already know that the 2018 tax season will be greatly impacted by the recent tax law changes and everyone in the tax industry must plan for these changes. Unlike 2017, we **all** have some time to get ready for these tax code changes.

Throughout this issue, and in the upcoming issues of **Support Connection,** we are focusing on the changes that are coming in 2018. This edition has outlined the changes in the tax code for individuals and business. In future editions, as the IRS releases more information, we will focus on how these changes will be reported both on the tax returns and in the TaxSlayer Pro program.

Inside this issue

Tax Season Review 1
Monitor Your EFIN &PTIN for Suspicious Activity......................2
Tax Cuts & Jobs Act
– Impact on Individuals 3
Education-Invest in Yourself........5
Annual User Seminar 5
New Due Diligence Requirement
– Head of Household..................5
Tax Cuts & Jobs Act
– Impact on Business Entities......6
TaxSlayer Pro Annual Program Backup 7
Contact Information 8

Special points of interest

- Upcoming Important Dates
- Support Hours of Operation
- Reference Charts for the provisions of the Tax Cuts & Jobs Act impacting individuals
- Reference Charts for the provisions of the Tax Cuts & Jobs Act impacting businesses

Form 1040SR

Starting next tax season, taxpayer's age 65 or older will be able to file their taxes on a new "Form 1040SR". On this return, seniors will be able to report without regard to the amount, their social security benefits, interest and dividends, capital gains and distributions from a 1099R.

Monitor Your EFIN and PTIN for Suspicious Activity

The IRS urges tax preparers to be diligent against cyber criminals and identity theft. These criminals target tax professionals not only in an effort to obtain your client's personal data, but to also obtain your business data, such as your PTIN and your EFIN.

One way for you to be proactive and to ensure that your data remains safe is to monitor the activity for your EFIN and PTIN.

Verify the number of returns submitted with your PTIN. The IRS offers most preparers the ability to monitor the use of their PTIN. You can monitor the use of your PTIN if you have:

- A professional credential (Enrolled Agent, Certified Public Accountant, Attorney, Enrolled Retirement Plan Agent or Enrolled Actuary) or are an Annual Filing Season Program participant, and

- At least 50 tax returns from the Form 1040 series have been processed in the current tax year.

For tax preparers with a professional credential, the IRS states that it is important to monitor this information even if you prepare little or no returns. If there is no data shown, less than 50 returns have been processed with your PTIN.

To access "Returns Filed Per PTIN" information, follow these steps:

- Visit /ptin and log into your PTIN account.
- From the Main Menu, find "Additional Activities.".
- Under Additional Activities, select "View Returns Filed Per PTIN."
- A chart labeled Returns Per PTIN should appear.
- A count of individual income tax returns filed and processed in the current year will be displayed.

The information contained in the Returns Filed Per PTIN chart is updated weekly. If the number of returns processed is significantly more than the number of tax returns you have prepared and you suspect possible misuse of your PTIN, complete and submit Form 14157, Complaint: Tax Return Preparer to the IRS.

Verify the number of returns submitted under your EFIN. Tax preparers with an e-Services account should regularly log in to their account to view the number of returns that have been electronically filed with the IRS under their EFIN .

Once you have logged in to your e-Services account, follow these steps to verify the number of returns electronically filed with the IRS:

- Select your name.
- In the left banner, select 'Application'.
- In the left banner, select 'e-File Application'.
- Select your name again.
- In the listing, select 'EFIN Status'. On this screen you can see the number of returns filed based on return type.

The number of returns that the IRS has received from your EFIN is updated weekly. If you see a significantly higher volume of returns filed than you have actually transmitted contact the IRS e-help Desk at 866-255-0654.

(Continued on page 3)

Monitor Your EFIN and PTIN for Suspicious Activity

(Continued from page 2)

Learn more about what you can do to protect yourself and your clients. Check out the **Protect Your Clients; Protect Yourself** campaign at IRS.gov to stay up-to-date on the latest events, campaigns and news releases aimed at raising awareness among tax professionals on the various risks posed by identity theft and best practices on how to prevent it.

Tax Cuts and Jobs Act—Impact on the Individual Taxpayer

The Tax Cuts and Jobs Act (TCJA) signed into law on December 22, 2017, will have a profound impact on tax returns in the coming years. This act is the most comprehensive change to the Internal Revenue Code since 1986 and these changes will impact **all taxpayers**. Most of the provisions impacting individuals will expire by December 31, 2025, unless Congress decides to extend them further. Below are the highlights of the TCJA. Summary charts of these changes can be found in the back of this edition of **Support Connection**.

Due to changes in the new tax law, **many individual taxpayers will find** certain provisions are **advantageous** to them and will see some reduction in their overall tax obligations. However, depending on a taxpayer's situation, **some individual taxpayers may find** the new TCJA provisions to be **less favorable** than the tax code pre-TCJA and may experience no significant benefit or may even see an additional tax burden.

Tax Brackets— Seven tax brackets remain, but the income ranges in the brackets have been adjusted. New lower tax brackets have been created (except for the 10% and 35% brackets). Specifically the previous brackets were 10%, 15%, 25%, 28%, 33%, 35%, and 39.6%. The new TCJA brackets are 10%, 12%, 22%, 24%, 32%, 35%, and 37%.

Personal Exemptions— All **personal exemptions** have been **eliminated**.

Standard Deductions— The standard deduction for all filers has been increased. This change will result in more taxpayers using the standard deduction. Starting in 2018, the standard deduction will be $12,000 for a Single or Married Filing Separately taxpayer (up from $6,350), Head of Household will be $18,000 (up from $9,550), and Married Filing Jointly will be $24,000 (up from $13,000). The additional standard deduction provisions for taxpayers who are 65 (or older) or who are blind will remain unchanged. The increased standard deduction amount for 2018 will be $1,300 (or $1,600 if unmarried and not filing as a surviving spouse). These increases over the 2017 amounts are due to inflation adjustments and not an increase due to the TCJA.

Itemized Deductions— Many of the provisions under the TCJA impact itemized deductions. These changes, coupled with new higher standard deduction amounts, will reduce the benefit of itemizing for many taxpayers.

Mortgage Interest – The mortgage interest deduction is now limited to mortgages up to $750,000 that were taken out after **December 15, 2017** on a taxpay-

(Continued on page 4)

Dirty Dozen Tax Scams—2018

Each year the IRS issues a list of the top 12 tax-related scams, which are referred to as the "Dirty Dozen." Below is the list for 2018:

1. Phishing schemes targeting on stealing personal information
2. Phone scams such as fake IRS calls
3. Identity theft, which remains a major threat
4. Tax Preparer frauds and fly by night operations
5. Scam charities, (such as fake disaster relief),soliciting donations
6. Con artists promoting inflated refunds
7. Excessive claims for business credits such as the research credit
8. Padding deductions to reduce tax liability
9. Inflating Income to increase EIC and Child Tax Credits
10. Utilizing frivolous arguments such taxes are contrary to the First Amendment
11. Tax avoidance shelters such as improper captive insurance companies
12. Use of offshore accounts to hide income

TCJA- Impact on Individual Taxpayer

(Continued from page 3)

er's primary home only**.** Previously, the mortgage interest deduction could be taken on mortgages up to $1,000,000 on the primary and/or a second home. Prior to TCJA, a mortgage interest deduction was available for equity loans up to $100,000 on the primary home. Going forward, the home equity loan interest deduction has been totally eliminated.
State and Local Taxes- The deduction for state and local tax is **now being capped** at $10,000 for single, head of household, and married filing jointly and $5,000 for married filing separately. Previously, there was no cap on the deduction for state and local real estate taxes, personal property taxes, or the greater of the state income taxes and state sales tax. Going forward these state taxes will collectively be capped.

Medical Expenses- The adjusted gross income threshold for deducting medical expenses is temporarily reduced **for 2017 and 2018** to 7.5%. **Starting in 2019**, the threshold for deducting medical expenses will be 10% of adjusted gross income.

Casualty Losses– Personal casualty losses will only be allowed as a deduction if the loss is attributed to **a federally declared disaster**. Personal casualty losses, such as fire, theft, or other property loss, will no longer be deductible unless it is part of a federally declared disaster. The TCJA also made retroactive changes that impacted casualty losses in disaster designated areas for the 2016 tax year.

Miscellaneous Deductions- All Schedule A Miscellaneous Deductions subject to the 2% adjusted gross income (AGI) threshold **have been eliminated**. This includes tax preparation fees, unreimbursed business expenses, union dues, uniforms, professional fees, safe deposit box rental fees, and investment fees.

Charitable Contributions— Cash charitable contributions are now limited to 60% of AGI. Previously, the limit was 50%.

Moving Expense- Except for members of the military, individuals can **no longer deduct moving expenses** or exclude moving expense reimbursements from their employers from their income.

Child Tax Credit- The Child Tax Credit will be increased from $1,000 to $2,000 for each Qualifying Child claimed on the tax return if the child is under 17 and **has a valid Social Security Number**. The credit will phase out when the taxpayers' AGI exceeds $400,000 for MFJ (compared to $110,000 previously) and $200,000 for all other filing statuses (compared to $75,000 for MFS or $55,000 for Single and HOH previously). To receive any part of this credit the taxpayer must have earned income of at least $2,500 ($3,000 previously).

A new provision to the Child Tax Credit also allows taxpayers to receive a **non-refundable** $500 credit for a dependent with a valid social security number who does not otherwise qualify as a Qualifying Child. This $500 credit will be available to taxpayers who have a Qualifying Child that is age 17, 18, or a full-time student age 19 to 24.

Additional Child Tax Credit – The refundable portion of the Child Tax Credit has been increased to $1,400 ($1,000 previously).

Alimony- Beginning in 2019**,** taxpayers who divorce will no longer be able to deduct alimony payments or be required to include alimony in their income. This provision only affects taxpayers with a divorce agreement that is executed or modified after December 31, 2018. Divorce agreements in effect prior to January 1, 2019 will continue to be treated under pre-TCJA provisions.

Alternative Minimum Tax- The exemption amount has been increased to $109,400 for MFJ, $54,700 for MFS, and $70,300 for HOH and Single. The phase out threshold has been increased to $1,000,000 for MFJ and $500,000 for all other filers.

Shared Responsibility Payment – The penalty for not having minimum essential health coverage will be eliminated **starting in 2019**. For 2018, individuals must either have coverage or an exemption or they will be subject to the shared responsibility payment when they file their 2018 tax returns.

For details on how the Tax Cuts and Jobs Act impacts businesses and business owners, see page 6 in this edition of **Support Connection**– *TCJA Impact on Business Entities* for a summary of the changes for business returns.

Education-Invest in Yourself

Without fail, you will spend a part of your tax season reviewing 1099s with your customers. You see good and bad investments your clients have made and help them understand the tax consequences of their investments. Is there any investment that is a sure-fire win? The answer is YES, and it has no tax consequence at all! The best investment you can make is in education.

TaxSlayer Pro is committed to helping our customers with their continuing education and professional development. We hope that you will take advantage of these resources all year long.

- TaxSlayer has partnered with Surgent, provider of IRS-approved Continuing Education, to give our customers special access to discounted education. If you are looking for quality education on your own time, check out the Partner's Page inside of My Account for links to several high-quality programs of study, including EA and CPA Review Courses.
- TaxSlayer is proud to have harnessed the talents of Mark J. Kohler to provide an education series specifically for tax offices. Mr. Kohler's videos are hosted on taxslayerpro.com in the Education Portal section.
- Mark J. Kohler, M.Pr.A., C.P.A., J.D., is a best-selling author; national speaker; radio show host; writer and video personality for Entrepreneur.com, real estate investor, senior partner in the law firm, Kyler, Kohler, Ostermiller & Sorensen, and the accounting firm of Kohler & Eyre, CPAs. His seminars have helped thousands of individuals and small business owners navigate the maze of legal, regulatory and financial laws to great success and wealth.
- Join us November 12th and 13th for our Annual User Seminar. Discounted tickets are now available for this very special annual event on November 12th and 13th in Augusta, GA. Earn CE credits and meet the team behind the scenes here at TaxSlayer.
- The TaxSlayer Pro team will attend all 2018 IRS Forums this summer. While you are there, come see us and receive a special gift from us!

"An investment in knowledge pays the best interest."
Benjamin Franklin

New Paid Preparer Due Diligence Requirements when Claiming Head of Household

The Tax Cuts and Jobs Act has added new due diligence requirements for paid preparers when the taxpayer uses Head of Household as their filing status. The extent of what the paid preparer will be required to do is to be determined by regulations that have not yet been issued by the IRS.

As a result of this new requirement, it is anticipated that the IRS will be adding additional questions to the 2018 Form 8867—Preparer's Due Diligence Checklist to ensure that paid preparers are determining if the taxpayer is eligible to file using the head of household filing status. Paid preparers should receive more information from the IRS before next tax season and it will be posted to the Pro Support Blog as soon as it becomes available.

User Seminar – November 2018

We want everyone to be aware that this year's Annual User Seminar will occur on a **Monday/Tuesday,** rather than the historical Thursday/Friday format. This change is due to a scheduling conflict at the Augusta Conference Center. We are holding the conference at the beginning of the week in order to keep the date as close to our past schedule as possible.

Due to the passage of the Tax Cuts and Jobs Act, TaxSlayer Pro expects a full agenda.

The conference will commence with a General Session on **Monday**, November 12, 2018. On, **Tuesday,** November 13, 2018, the conference will feature the traditional breakout sessions on topics relevant to the upcoming season.

Watch our website and future editions of **Support Connection** for details on registering for the conference.

Tax Cuts and Jobs Act—Impact on Business Entities

The Tax Cuts and Jobs Act contains many provisions that benefit business entities. Specifically, tax rates have been significantly lowered for C-Corporations (1120), pass-through entities such as Partnerships (1065) and S-Corporations (1120S), and some businesses that file on Schedule C can now deduct a percentage of their qualified business income from taxation.

The provisions impacting corporations and other businesses have been made permanent and will not expire unless Congress changes these provisions. Below are some of the major changes to the tax code that will impact businesses:

C-Corporation (Form 1120) Tax Brackets— Previously, C-Corporations were subject to a graduated income tax and paid 15% on income from $0 to $50,000, 25% on income of $50,001 to $75,000, 34% on income of $75,001 to $10 million, and 35% on income over $10 million. For tax years beginning in 2018, the different brackets have been eliminated and all taxable income for a C Corporation will be taxed at a flat rate of 21%.

Personal Service Corporation (Form 1120) Tax Brackets— Personal Service Corporations (PSCs) are businesses whose primary activity is in the fields of accounting, actuarial science, architecture, consulting, engineering, health (including veterinary services), law, and the performing arts. Under the prior tax provisions, all PSCs that filed as an 1120 paid a flat tax rate of 35%. Now these PSCs will pay the same 21% rate as any other C-Corporation.

Business Interest Deduction—Pre-TCJA, interest incurred by a business was deductible as an ordinary business expense. Interest deductions will now be limited for entities that have gross revenue of over $25 million (in any of their three preceding years) to 30% of their adjusted gross income.

Deduction for pass-through entities — Pre-TCJA, the net taxable income from a pass-through entity (partnership, S-Corporation, and a sole proprietor filing on a Form 1040, Schedule C) were taxed at the owner's tax rate with no special treatment given to pass-through income. Under the TCJA, individuals and estates and trusts that own or have a beneficial interest in a pass-through entity may be allowed to deduct 20% of "Qualified Business Income" and avoid any taxation on this income. This Qualified Business Income deduction does not reduce a taxpayer's AGI, but instead will be a deduction from their AGI. This deduction starts with tax years beginning in 2018 and will be available for tax years through 2025 unless Congress acts during this time.

Qualified Business Income is generally defined as income that is connected with the conduct of an entity's business and does not include investment income, guaranteed payments to partners for services rendered to the partnership, or "reasonable compensation" paid to an owner for services rendered to the entity. For entities that have income in excess of $315,000 for joint filers or $157,500 for all other filing statuses, there are additional qualifications for taking this deduction.

Specified service businesses (health, legal, accounting, consulting, performing artists, and professional athletes) are not eligible for this Qualified Business Income deduction when they operate as a pass through entity or sole proprietor. Other service businesses such as engineers or architects, may be eligible for this deduction.

Business-Related Meals — Pre-TCJA, a business could deduct 100% of the cost of on-site meals that were provided at the convenience of the employer. Starting with tax years beginning in 2018, the deduction for these on-site meals will be subject to the 50% disallowance rule that applies to all other meal deductions.

Entertainment Expenses — Pre-TCJA, a business could deduct 50% of certain entertainment expenses. This deduction is eliminated with the TCJA for tax years beginning after 2017.

Corporate Alternative Minimum Tax—For tax years beginning after 2017, the Corporate AMT which impacted businesses with gross revenue in excess of $7.5 million, is eliminated.

Like-Kind Exchanges—Commencing with tax years beginning after 2017, only real property will qualify for treatment under Section 1031 as a like-kind exchange. Previously, any business property, either real or personal, would qualify as eligible property for a like-kind exchange.

Bonus Depreciation — Pre-TCJA, a business could take a 50% Bonus Depreciation for newly acquired assets used in the business. The Bonus Depreciation percentage was scheduled to drop to 40% in 2018,

(Continued on page 7)

TaxSlayer Pro Annual Program Backup

Having a good backup of TaxSlayer Pro programs and data is critical to your business security. TaxSlayer Pro recommends using an external storage device that can be removed from the business location for safety. Many TaxSlayer Pro customers use external hard drives or USB flash drives for their backups. USB flash drives work well since they are small, easily transported, and inexpensive.

It is important that the backup drive be disconnected from the computer after the backup is complete. Most of the malware and viruses today will search out all connected drives and attempt to infect them. Removing the drive from the premises will also protect your data from natural disasters such as fire, flood or earthquake. A backup is of no use if it is destroyed by the same disaster as the computer.

The annual backup needs to be run on the computer designated as the file server. From the Main Menu of TaxSlayer Pro, select **Utilities**,**.** Select **Program Backup Utility**. Select **Backup** and chose the appropriate **Target Drive** in the drop down list. Finally, select **Start.** The entire TaxSlayer directory will then be backed up to your external or USB flash drive. For most users, a 16 GB USB flash drive should be adequate.

"A tax loophole is something that benefits the other guy; if it benefits you it's tax reform." Russell Long

TCJA—Impact on Business Entities

(Continued from page 6)

30% in 2019 and then expire in 2020. TCJA changed bonus depreciation for assets acquired after September 27, 2017 and will now allow 100% of Bonus Depreciation for tax years beginning prior to January 1, 2023. After 2022, the Bonus Depreciation percentage for business assets will be reduced by 20% each year (80% in 2023, 60% in 2024, 40% in 2025, and 20% in 2026).

Pre-TCJA the qualifying asset had to be new. Now, starting with tax years after December 31, 2017, an asset will qualify for Bonus Depreciation if the asset has been "newly acquired" by the business. This change permits a business that acquires used property to be eligible to take Bonus Depreciation.

Domestic Production Activities Deduction — Pre-TCJA, a business could take a deduction for engaging in certain activities producing, mining, or manufacturing in the United States. This deduction generally was 9% of the wages paid in connection with the production activities. This deduction has now been eliminated for all businesses (other than C-Corporation) starting with tax year 2018. For C-Corporations (1120), the elimination of the deduction goes into effect in for tax years starting in 2019.

2018 Itemized Deductions

IRS statistics for the 2016 tax season show 29.6% of individual tax returns had itemized deductions.

With the passage of the Tax Cuts & Jobs Act, the Tax Policy Center estimates only 10% to 12% of tax returns in future years will contain itemized deductions.

Upcoming Due Dates

May 15, 2018

Form 990—Exempt Organizations

September 17, 2018
(returns on extension)

Form 1065—U.S Return of Partnership Income

Form 1120-S— S Corporations

October 17, 2018
(returns on extension)

Form 1040/1040NR—Individual Tax Returns

Form 1041—Estates & Trusts

Form 1120—U.S. Corporate Tax Return

Preview of Next Edition of the Support Connection—The Summer Issue

Getting ready for the New Tax Season

Update on implementing the Tax Cuts and Jobs Act

Annual User Seminar Updates

Fall Tax Calendar/Filing Deadlines

New Knowledgebase for 2018

TaxSlayer Pro Support—Off-season

After the filing deadline passes many year-round tax businesses experience a decrease in client traffic while other businesses close their doors until next tax season. TaxSlayer Pro Support remains focused on assisting our customers during the off-season with the same commitment we have during tax season. While our hours of availability change to Monday – Friday 8am to 5pm, we remain eager and committed to help.

This off-season Pro Support will concentrate our efforts on developing training material and resources for our staff and our customers on the many major tax code changes that will go into effect next year. As the changes are released by the IRS and implemented into the 2018 program build, Pro Support will take part in thoroughly testing the changes as well as adding and/or updating help articles and program instructions on the changes.

This fall, expect to see some major changes to the Pro Support Knowledgebase which is scheduled for a complete overhaul. Also, sign up for and check the Pro Support Blog for regular updates and sneak peeks of the tax code changes in the program. We'll keep you updated on the latest from the IRS, state agencies and from TaxSlayer Pro.

Support Hours of Operation

All Eastern Tim

Apr 18 to Dec 31, 2018

Monday - Friday
8:00 AM to 5:00 PM

Summer Holiday Schedule

Support will be closed on the following summer holidays.

Memorial Day
Monday May 28, 2018

Independence Day
Wednesday July 4, 2018

Labor Day
Monday September 3, 2018

TaxSlayer Pro Contact Information

Sales	888-420-1040
Sales Fax	706-868-1955
Email	sales@taxslayer.com
Pro Support	706-868-0985
Pro Support Fax	706-868-0263
Email	prosupport@taxslayer.com

IRS Phone Numbers

E-file Help Desk	866-255-0654
PTIN Registration/Information	877-613-7846
Refund Status	800-829-1954
Tax Fraud	800-829-0433
FTC Identity Theft Hotline	877-438-4338
Identity Theft (Form 14039)	800-908-4490
Practitioner Assistance	866-860-4259
Business Assistance	800-829-4933
Social Security Administration	800-772-1213
Taxpayer Assistance	800-829-1040

Tax Cuts and Jobs Act
Individual Provisions Comparison

Personal Exemptions

	Pre-TCJA (2017)	Post-TCJA (2018)
Taxpayer, **Spouse,** **Qualified Child** **Qualified Relative**	$4,050 for each person in the household	**All Personal Exemptions are Eliminated**

Standard Deduction

If your filing status is...	Pre-TCJA (2017)	Post-TCJA (2018)
Single		
Under 65	$6,350	$12,000
65 or older– Blind	$1,550—Additional	$1,600—Additional
Married filing joint		
Under 65	$12,700	$24,000
65 or older—Blind	$1,250—Additional	$1,300—Additional
Married filing separately		
Under 65	$6,350	$12,000
65 or older—Blind	$1,250—Additional	$1,300—Additional
Head of Household		
Under 65	$9,350	$18,000
65 or older—Blind	$1,550—Additional	$1,600—Additional
Qualifying Widow(er) - w/dependent child		
Under 65	$12,700	$24,000
65 or older—Blind	$1,250—Additional	$1,300—Additional
Dependent filing own return but not claiming a personal exemption—Any age	$1,050 or $350 plus the dependent's earned income, not to exceed the standard deduction for their filing status	No Change

Tax Cuts and Jobs Act
Individual Provisions Comparison

Child Tax Credit

	Pre-TCJA (2017)	Post-TCJA (2018)
Maximum Amount	$1,000/Qualifying Child Age 16 or under	$2,000/Qualifying Child Age 16 or under
Income Phase Out		
Single/Head of Household	$75,000	$200,000
Married Filing Separately	$55,000	$200,000
Married Filing Jointly	$110,000	$400,000
Qualifying Child Age—17 to 24	Not Eligible	$500 Credit
Qualifying Relative	Not Eligible	$500 Credit
Qualifying Child with ITIN	Eligible	Not Eligible A Valid Social Security Number is now required

Additional Child Tax Credit

	Pre-TCJA (2017)	Post-TCJA (2018)
Maximum Amount Refundable	$1,000/Qualifying Child Age 16 or under	$1,400/Qualifying Child Age 16 or under
Income Phase Out		
Single/Head of Household	$75,000	$200,000
Married Filing Separately	$55,000	$200,000
Married Filing Jointly	$110,000	$400,000
Qualifying Child—Age 17 to 24	Not Eligible	Not Eligible
Qualifying Relative	Not Eligible	Not Eligible
Qualifying Child with ITIN	Eligible	Not Eligible A Valid Social Security Number is now required

Tax Cuts and Jobs Act
Individual Provisions Comparison

Itemized Deductions

	Pre-TCJA (2017)	Post-TCJA (2018)
Mortgage Interest Deduction	Interest on combined mortgages up to $1,000,000 on the primary and one secondary home Is deductible.	Only interest on mortgages up to $750,000 on the primary home Is deductible.
	Home Equity Interest on loans up to $100,000 is deductible.	Home Equity Interest is no longer deductible.
State and Local Tax Deductions	State and Local Income Taxes or the State Sales Tax is deductible. State Real Estate and Personal Property Taxes are deductible. There is no cap or limit on the deduction for State and Local Taxes.	Deductions for all State and Local Taxes are capped at $5,000 for MFS and $10,000 for all other Filers.
Medical Expenses	Medical Expenses in excess of 10% of AGI are deductible.	For 2017 and 2018, Medical Expenses in excess of 7.5% of AGI are deductible. Starting in 2019, the AGI threshold reverts back to 10%.
Charitable Deductions	Cash charitable contributions are limited to 50% of AGI.	Cash charitable contributions are limited to 60% of AGI.
Casualty Losses	Individuals can deduct personal casualty losses (fire, theft, etc.) subject to a $100 deductible and in excess of 10% of AGI.	Personal casualty losses will only be deductible if it is attributed to a federally declared disaster. Loss is subject to a $500 deductible and the net casualty loss can be added to the standard deduction if more favorable.
Miscellaneous Deductions	Certain miscellaneous deductions in excess of 2% of AGI for unreimbursed business or job expenses, tax preparation fees, etc., are deductible.	All miscellaneous deductions previously subject to the 2% of AGI have been eliminated.
Total Itemized Deduction Limit	Itemized deductions are limited for taxpayers whose AGI exceeds $313,800—MFJ; $287,650–HOH; $261,500-Single; $158,900-MFS	There are no longer AGI limits on itemized deductions.

Tax Cuts and Jobs Act
Individual Provisions Comparison

Other Deduction/Adjustment Provisions

	Pre-TCJA (2017)	Post-TCJA (2018)
Moving Expenses	Taxpayers can deduct moving expenses when they move for a job as long as the new place of employment is 50 miles or more farther than the previous place of employment was to the taxpayer's residence.	Moving Expenses for most taxpayers have been eliminated. This provision does not apply to members of the Armed Forces on active duty.
		Beginning in 2019
Alimony	Alimony paid by a taxpayer is deducted from Adjusted Gross Income.	Alimony paid based on a divorce agreement executed or modified after 2018 is no longer deductible.
	Alimony received by a taxpayer is considered income and is included in Adjusted Gross Income.	Alimony received based on a divorce agreement executed or modified after 2018 is no longer income. Alimony paid or received based on a divorce agreement executed or modified before January 1, 2019 shall continue to be reported as under Pre-TCJA requirements.
Alternative Minimum Tax Exemptions	AMT Exemption Amounts are: Single—$54,300 Married Filing Jointly—$84,500 Married Filing Separately—$42,250 Head of Household—$54,300	AMT Exemption Amounts are: Single—$70,300 Married Filing Jointly—$109,400 Married Filing Separately—$54,700 Head of Household—$70,300
Alternative Minimum Tax Phase Out	AMT Phase Out Amounts are: Single—$120,700 Married Filing Jointly—$160,900 Married Filing Separately—$80,450 Head of Household—$120,700	AMT Phase Out Amounts are: Single—$500,000 Married Filing Jointly—$1,000,000 Married Filing Separately—$500,000 Head of Household—$500,000
Domestic Production Activity Deduction	A deduction of up to 9% of Qualified Production Activities Income for engaging in certain manufacturing or production activities.	Domestic Production Activities Deduction have been eliminated on individual tax returns effective in 2018.

Tax Cuts and Jobs Act
Individual Provisions Comparison

Other Provisions

	Pre-TCJA (2017)	Post-TCJA (2018)
Shared Responsibility Payment under the ACA	Taxpayers who do not have minimum essential coverage or a coverage exemption owe 1/12th of the annual responsibility payment for each month they do not have coverage. This penalty is the greater of the following: • 2.5% of household income that is in excess of the taxpayer's filing threshold • $695 per adult and $347.50 per child (under age 18)	The responsibility payment has been reduced to zero **starting after December 31, 2018** effectively eliminating the penalty. For 2018, the responsibility payment for taxpayers who do not have minimum essential coverage or an exemption will be calculated in the same manner as 2017.
Student Loan Debt Discharge	Included in gross income.	Student loan debt discharged on account of death or disability is no longer included in gross income.
Section 529 Plans	Amounts contributed to a Section 529 Plan can only be used for post-secondary school and qualified higher education expenses.	Starting in 2018, distributions from 529 Plans can be used to pay up to $10,000 in tuition expenses for attendance at elementary and secondary schools.
Net Operating Losses	Taxpayer can elect to take a Net Operating Loss (NOL) as a carryback or carryforward. A NOL carryback is taken back 2 years, then forward. NOL is not limited, and any NOL not used can be a carryover up to 20 years. NOL as a carryback were reported on Form 1045-Applicatiuon for Refund or by filing amended returns for the prior years.	NOL can no longer be a carried back (except for farming) and can only be carried forward. NOL deduction is limited to 80% of taxable income calculated without regard to the NOL deduction. NOL can be carried forward indefinitely until it is used.
Indexing Provisions	Indexing of tax provisions are modified by changes in the traditional CPI method.	Indexing will be done using CPI-U (chained CPI) which is expected to result in smaller increases.

Tax Cuts and Jobs Act Charts
Individual Tax Rates

Single Pre-TCJA (2017)

Marginal Tax Rate	Taxable Income
10%	$0-$9,325
15%	$9,326—$37,950
25%	$37,951—$91,900
28%	$91,901-$191,650
33%	$191,651-$416,700
35%	$416,701-$418,400
39.6%	$418,401 or more

Single Post-TCJA (2018)

Marginal Tax Rate	Taxable Income
10%	$0-$9,525
12%	$9,526—$38,700
22%	$38,701—$82,500
24%	$82,501-$157,500
32%	$157,501-$200,000
35%	$200,001-$500,000
37%	$500,001 or more

Married Filing Jointly / Qualifying Widow—Pre-TCJA (2017)

Marginal Tax Rate	Taxable Income
10%	$0-$18,650
15%	$18,651—$75,900
25%	$75,901—$153,100
28%	$153,101-$233,350
33%	$233,351-$416,700
35%	$416,701-$470,700
39.6%	$470,701 or more

Married Filing Jointly / Qualifying Widow—Post-TCJA (2018)

Marginal Tax Rate	Taxable Income
10%	$0-$19,050
12%	$19,051—$77,400
22%	$77,401—$165,000
24%	$165,001-$315,000
32%	$315,001-$400,000
35%	$400,001-$600,000
37%	$600,001 or more

Tax Cuts and Jobs Act
Individual Tax Rates

Married Filing Separately Pre-TCJA (2017)

Marginal Tax Rate	Taxable Income
10%	$0-$9,325
15%	$9,326—$37,950
25%	$37,951—$76,550
28%	$76,551-$116,675
33%	$116,676-$208,350
35%	$208,351-$235,350
39.6%	$235,351 or more

Married Filing Separately Post-TCJA (2018)

Marginal Tax Rate	Taxable Income
10%	$0-$9,525
12%	$9,526—$38,700
22%	$38,701—$82,500
24%	$82,501-$157,500
32%	$157,501-$200,000
35%	$200,001-$300,000
37%	$300,001 or more

Head of Household Pre-TCJA (2017)

Marginal Tax Rate	Taxable Income
10%	$0-$13,350
15%	$13,351—$50,800
25%	$50,801—$131,200
28%	$131,201-$212,500
33%	$212,501-$416,700
35%	$416,701-$444,550
39.6%	$444,551 or more

Head of Household Post-TCJA (2018)

Marginal Tax Rate	Taxable Income
10%	$0-$13,600
12%	$13,601—$51,800
22%	$51,801—$82,500
24%	$82,501-$157,500
32%	$157,501-$200,000
35%	$200,001-$500,000
37%	$500,001 or more

Tax Cuts and Jobs Act
Business Provisions Comparison

Major Business Provisions

	Pre-TCJA (2017)		Post-TCJA (2018)	
C Corporation Tax Rates	\$0 to \$50,000 \$50,001 to \$75,000 \$75,001 to \$10,000,000 Over 10,000,000	15% 25% 34% 35%	All taxable income	21%
Personal Service Corporation (filing on Form 1120 as a C Corporation)	Flat Rate	35%	Flat Rate	21%
Business Interest Deduction	Interest incurred by a business was deductible as an ordinary business expense.		Interest deduction is limited to 30% of AGI with gross revenue of over \$25 million in any of their three preceding years.	
Pass-Through Entity Deduction for Qualified Business Income	No Deduction		Partnerships (Form 1065), S-Corporations (Form 1120S) and sole proprietors (Form 1040, Schedule C) can deduct 20% of the qualified business income received from the entity.	
Bonus Depreciation	For new (not used) assets only 2017—50% Bonus Depreciation 2018—40% Bonus Depreciation 2019—20% Bonus Depreciation 2020—Expired		For **newly acquired** assets: After 9/27/2017 through 2022—100% Bonus Depreciation 2023—80% Bonus Depreciation 2024—60% Bonus Depreciation 2025—40% Bonus Depreciation 2026—20% Bonus Depreciation 2027—Expired	
Domestic Production Activity Deduction	A deduction of up to 9% of Qualified Production Activities Income for engaging in certain manufacturing or production activities.		Domestic Production Activities Deduction has been eliminated on all business entity tax returns starting in 2018 except for C-Corporations (Form 1120) which can continue to claim the deduction through 2018.	

Tax Cuts and Jobs Act
Business Provisions Comparison

Major Business Provisions

	Pre-TCJA (2017)	Post-TCJA (2018)
Meals	100% of the cost of meals provided at the convenience of the employer at their location can be deducted.	On-site meals will be subject the 50% disallowance rule that applies to all other meal deductions taken by the employer.
Entertainment	50% of certain entertainment expenses incurred in connection with a business were deductible.	The deduction for entertainment expenses has been eliminated.
Corporate Alternative Minimum Tax	C-Corporations with gross revenue in excess of $7.5 million were subject to an AMT which is a tax of 20%.	The corporate AMT (Form 1120) has been eliminated.
Like-Kind Exchanges	Either real or personal, qualifies as eligible property for a like-kind exchange.	Only real property will qualify for treatment under Section 1031 as a like-kind exchange.

Other Provisions

	Pre-TCJA (2017)	Post-TCJA (2018)
International Income	Worldwide income is subject to taxation	Moves to a territorial system and income earned outside of the US will not be subject to taxation in the US.
Repatriation of Income	Not applicable	Deferred foreign profits returned to the US taxed at 15.5% for liquid assets and 8% for non-liquid assets
Estate Tax	Estate tax exemption was $5.6 million	Estate tax exemption is $11.2 million which will be adjusted annually based on chained CPI.